

731 enough for grain production. The effects of the drought at this time were particularly unfortunate. Agriculture, from which much had been hoped, made no contribution whatever to recovery. Food production in 1947 did not even reach the low level of 1946. Similarly, though hydro-electric current production was potentially over 60 per cent greater than in 1937, the total current produced in 1946 was only 24 per cent higher than in 1937. The following year it rose by about 2 per cent, but this was due entirely to the increased production of steam-driven power-stations. The amount of hydro-electric current actually fell.

316 There were several reasons for the coal shortage. Europe
433 as a whole was short of coal. Austrian consumption had risen owing to the new iron and steel works at Linz, the development of steam-driven power-stations, and the needs of the occupying forces. The country had not the foreign exchange to pay for the coal needed from abroad, and the coal provided by the Western Allies from Germany was restricted by lack of transport.

433 For several weeks at the beginning of 1947 Austrian industry practically came to a standstill owing to what were euphemistically described as 'fuel and power holidays'. Finished-goods industries were completely closed down. The paper industry for a time virtually ceased to operate, and even some firms classed as essential had to suspend work. Such a stoppage was a major disaster for an economy struggling against odds to get on to its feet.

The 1947 production figures for some of Austria's key industries give an idea of the position of the Austrian economy when Marshall Aid began. It must, however, be remembered that the situation at the end of the year was better than at the beginning, and that in the case of most industries it continued to improve during the first three months of 1948. The position, therefore, was somewhat better in April 1948 than the figures indicate.

In each case, except for agricultural produce, the production by weight is given as a percentage of the 1937 figure:—

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figure. By the autumn of 1951 the small crafts, which employed nearly as many people as industry, had received only 14 million schillings from the counterpart fund, which was only 0.4 per cent of the total. 185 457

There was no branch of the Austrian economy in which the need for capital investment was greater than in fuel and power. Nor was there any branch to which the allocation of available funds would be the subject of less controversy. The Austrian Republic's shortage of coal, which had always been serious, was more acute than ever, owing to the development of the iron and steel industry. And Poland and Czechoslovakia, Austria's traditional suppliers, were now in the Russian orbit, and charged excessive prices for such coal as they were prepared to deliver. At the same time the country had vast potential sources of hydro-electric power, which only required capital for their development. It was most important that the development should take place both to economize consumption of coal and to satisfy the growing demands for electric current of Austrian industry and the Austrian people. 433

Austria's oil-fields were her main resources in mineral fuel, but, being under Russian control, they did not fall within the scope of the recovery programme. Her coal-mines, which produce 95 per cent lignite, could only satisfy between 25 and 30 per cent of her requirements in 1948 and 1949. As a result of forced production during the War and neglect of new development, the coal was difficult and expensive to work, and the output per miner was only three-quarters of the pre-War level, although the miners' own record had been excellent. [316] •

The production of hydro-electric current increased steadily during the War, until in 1944 it had more than doubled. In 1945, owing to the serious disorganization that accompanied the end of hostilities, output fell off considerably, but between 1945 and 1948 it rose from 2.51 billion kilowatt-hours to 4.45 billion. The steam-driven power-plants, so important for the maintenance of winter supplies, had suffered severe damage during the War, especially at Linz, and were not back in full production by 1948. Meanwhile the growing importance of 433 377

MARSHALL AID AND ECONOMIC RECOVERY III

works begun at Braunau on the Inn and at Jochenstein on the Danube were undertaken in collaboration with Western Germany. Most important of all were the power-stations dependent on water stored in great mountain reservoirs, such as those at Achensee in the Tyrol and at Kaprun in Salzburg. This type had the great advantage of being able to reserve its major output for the winter months, when hydro-electric current was in short supply. If they were developed on a sufficiently large scale, it would be possible to reduce the number of steam-driven plants, and so economize coal. 185
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Of all the hydro-electric projects in process of construction, Kaprun was the most significant for the Austrian economy as a whole. Three great reservoirs were to be created at different levels by the construction of a series of dams, the top two reservoirs being connected by a conduit through the mountains nearly twelve kilometres long. When the work is completed, the annual production of current will be 620 million kilowatt-hours, of which 460 million will be produced in winter.

After iron, oil, and coal, the most valuable of Austria's mineral resources at present being utilized is magnesite. The magnesite industry did not suffer seriously from the War, and after a temporary setback, owing to the coal and power shortage in 1946-7, had regained the pre-War level of production by 1948. The greater part of the magnesite produced was exported, some of it to the United States. As a dollar-earner, therefore it was important that the efficiency of the industry should be maintained and its production increased. The bulk of the capital required for modernization was provided by the industry itself, though an allocation was made from counterpart funds as well. 316
457

Austria also has small deposits of copper, lead, zinc, and subsidiary metals. Under normal conditions their development could hardly be justified economically in competition with the world's main sources of supply. But for two reasons a good deal of attention has been paid to them since the War: they provide materials essential for the important electrical industry, and Austria has not had the foreign exchange necessary to

316
457 buy freely in the cheapest market. The main purpose of the counterpart funds allotted to the development and modernization of mines and refineries, therefore, has been to save foreign exchange, with the possibility of increasing the exports of finished products as a secondary incentive.

497 The railways have always played a part of special significance in the Austrian Republic's economy. When the Habsburg Empire fell apart, Vienna remained an important centre of communications linking up Western Europe with the Succession States and the Balkans. Between the Wars the international transit services carried out by the Austrian railways between East and West, and North and South, were an important source of national revenue. After the tourist industry they were the main means on which Austria relied to reduce her trade deficit.

After the Second World War the amount of transit traffic through Austria fell off considerably for two main reasons. In the first place, there was a sharp decline in trade and travel between the Iron Curtain countries and the West. Secondly, war damage, lack of coal, wholesale confiscation of rolling-stock by the Russians, and the failure of Hungary and other satellite countries to return trucks sent across the border seriously reduced the efficiency of the services the Austrian railways could offer. Traffic between Switzerland, on the one hand, and Poland and Czechoslovakia, on the other, was diverted from Austria to Germany.

The Austrian railways have come in for a good deal of criticism since the War, and from a first glance at their annual balance-sheets the criticisms appear to be justified. A series of losses culminated in a deficit of approximately one and a half billion schillings in 1951, which meant that every Austrian would have to pay about 200 schillings to make up the deficiency. Yet a superficial judgement in this case is unfair. The railways unquestionably required to be reorganized and rationalized. But, apart from the losses and damage resulting from the War, they were suffering from a number of adverse circumstances that were not always taken into account.

471 some federal ministries as well as the reorganization
 655 of the sphere of action of others), is being taken
 care of by the federal ministry for traffic and
 nationalized enterprises, the administration of the
 nationalized commercial banks falls within the compe-
 tence of the Federal Ministry of Finance. The
 nationalization comprises:

- [453] 1.) The large banks (Creditanstalt-Bankverein, Oesterreichische Länderbank AG, and Hypotheken- u. Kreditinstitut);
- [327] 2.) The most important enterprises of the iron and steel industry (Oesterreichische Alpine Montan-gesellschaft, Vereinigte Oesterreichische Eisen- und Stahlwerke A. G., Linz, Schoeller-Bleckmann Stahlwerke A. G., Vienna, Gebrüder Böhler u. Co., A. G., Vienna);
- [316] 3.) The most important coal mines (Wolfsegg-Traunthaler Kohlenbergwerke A.G., Linz, Steirische Kohlenbergwerke A.G., Vienna, Lankowitzer Kohlen-Compagnie, Vienna, etc.);
- [392] 4.) A number of important enterprises of the electric and machine manufacturing industry (AEG-Union Elektrizitätsgesellschaft, Vienna; Simmering-Graz-Pauker A. G. für Maschinen-, Kessel- und Waggonbau, Vienna, etc.);
- [393] 5.) The Oesterreichische Stickstoffwerke A. G., Linz;
- [316] 6.) The most important non-ferrous mining enter-prises (Bleiberg Bergwerks-Union, Klagenfurt; Montanwerke Brixlegg Gas. m.b.H., Brixlegg; Kupfer-bergbau Mitterberg, Mühlbach am Hochkönig; Aluminium-werk Mattighofen-Ranshofen);
- [505] 7.) The Erste Donau Dampfschiffahrtsgesellschaft, Vienna;
- [377] 8.) The large enterprises producing electric power; and, finally,
- [315] 9.) The enterprises for the exploitation of crude oil.

With the enacted legislation the ownership rights (re: corporations) or the assets and liabilities of certain enterprises (limited companies, etc.) or plants (branch establishments of enterprises located abroad) became the property of the Republic of Austria. This in turn implied also the transfer of the adminis-tration of the nationalized enterprises to the Austrian government, provided that such enterprises were not located within the Russian zone (USIA establishments) and therefore beyond Austrian control. The enforcement of the nationalization, however, is not completed because:

652 tons, the production of iron and steel to 1 million
 1199 tons annually, the output of rolling mills to ap-
 433 proximately 750,000 tons. Further increases in pro-
 454 duction will be provided in: bauxite mining, aluminum
 production, production of cellulose, paper and pulp.
 In the same manner the export capacity of nitrogen
 plants (Sticksstoffwerke in Linz), one of the most
 important producers of foreign currencies in the Aus-
 trian economy, will be increased by 50 per cent. In
 the chemical industry additional investments will make
 it possible to start production of sulfuric acid and
 phosphate fertilizer. The single projects will be dis-
 cussed in detail in another connection.

b) The renovation and rationalization of the
 primary industries.

The Austrian government holds to the prin-
 ciple (insofar as none of the theoretical consider-
 ations in the preceding chapter interferes) that
 in building up its program of investments cheap primary
 products lower the production costs in the finishing
 industries and this allows them to compete in the sharp
 competitive battle with other highly industrialized
 155 European countries. Certain focal points of investments
 have been formed, encompassing especially coal, iron and
 steel, ore mining, and the smelting industry as well as
 electrical power. These are mainly nationalized enter-
 prises. For investment purposes in the years 1948 and
 1949 they received a total sum of 1,627.4 million
 schillings out of public funds. Of this amount, 958.5
 million schillings were reconstruction credits; 481.6
 million schillings were capital payments of the Federal
 government, 31.2 million schillings were federal loans
 and 156.1 million schillings were credits guaranteed by
 the state. In 1950 a sum of 30 million schillings was
 provided in state capital contributions; in the same
 year (fall of 1950) the funds released from the ERP for
 the above-mentioned branches of industry totaled 133
 million, 283 million and 418.5 million schillings used
 essentially as follows.

316 (1) Investments in coal-mining.

454 During the war the coal mines (predominantly
 brown coal in Austria) suffered greatly in their develop-
 ment because of overproduction and neglect of needed
 renovation as well as delay in planned expansion. With-
 in the scope of the Marshall Plan the necessary reno-
 vation and rationalization of operation, mining improve-
 ments, shaping of daily operations, deep mining,

mechanization and electrification are being carried out. A number of new shafts and research and boring operations are also being pushed. In 1950, 75 million schillings from ERP funds was allotted to mining. The total output of Austrian coal mines, about 92.7 per cent nationalized, was approximately 4 million tons in 1950. The output will be increased to 6 million tons annually according to the reconstruction program for 1950-52. 316 454

(2) Iron and steel production.

The structure of the iron and steel industry after the war was essentially different from that of 1938. While the capacity of blast furnaces and steel plants (and to a degree also of steel foundries, forges, gross rolling works, coke ovens and finished steel operations) has increased, ingot operations and medium and fine quality plates (especially rolled metals) have suffered in their capacity and in their functional coherence by removal of equipment (Demontage). In addition to this a large part of the means of extraction and transportation at the Erzberg in Styria, the modern electric gross rolling works at Donawitz, as well as various items of equipment in the iron and steel works (particularly that for the production of rolled metals) has been lost. On the other hand, plants which were only half completed and too big for Austrian industry (such as the six blast furnaces at Linz) had to be taken over so that there was an over capacity of raw iron, steel castings and forging items. The planning for the iron and steel production was worked out by the federal ministries in collaboration with experts of the steel industry after extensive and careful exploratory surveys. They aimed to carry out modernization and completion of the steel works so as to balance future production with the expected sales; utilize the existing works to the highest extent possible and moving of workers from one place to another would be avoided; accomplish the necessary completion of plants for overall production and the closing of production gaps; modernize obsolete plants in order to get more and better economic production. The following considerations were taken into account: solution of the problem of the distribution of production of commercial steel and gross-rolled steel in the two largest Austrian plants (the Oesterreichische Alpine Montan-Gesellschaft in Donawitz and the Vereinigte österreichische Eisen- und Stahlwerke AG in Linz); balancing of production programs of the four large Austrian steel plants (Gebrüder Böhler and Co. A.G., Schoeller-Bleckmann of the Alpine Konzern in Donawitz and in 327

327 Judenburg, on the other hand.

While the annual production of raw steel amounted to 650,000 tons in prewar years, there must be an increase in this amount to 1 million tons annually by 1952 (that is, after the end of the Marshall Plan). This takes into consideration demands and the total demand of Europe for steel. Accordingly, the investments were balanced as follows:

- (a) The increase of iron-ore production to approximately 2.2 million tons a year at the Erzberg (Styria), at the Radmer near Hieflau and at Hüttenberg (Carinthia). (This project is one of the biggest in the investment programs.)
- (b) The renovation and modernization of steel works. To secure the full utilization of raw-steel production, gross rolling mills and tin plate works were established or renovated. To mention only some of the big projects: the renovation of the worn-out Block-Trio rolling mill at Donawitz (Alpine Montan-Gesellschaft) by a continual billet-rolling mill; the building of a cold-band rolling mill at Krieglach (Alpine Montan-Gesellschaft); the plate works, the building of a five-sectioned broad band rolling mill, the coal rolling mill at the Vereinigte Österreichische Eisen- und Stahlwerke AG at Linz; the refined steel rolling mill at the Schoeller-Blackmann Stahlwerke AG in Hönigsberg near Mürzzuschlag (where also a plant for the production of railway materials will be renovated); the extruding press and wrought-iron press at Turnitz; a plant for the production of deep mine drilling tools and equipment, the new sheet rolling mill and the rod mill at Kapfenberg (Gebrüder Eöhler und Co. AG). (The new plant in Donawitz began operations in 1950. It is valued at \$7,380,000. For the rest of the iron and steel industry 274.7 million schillings were allotted from ERP funds. This represents 37.8 per cent of the 700 million schillings ear-marked for the investment program for 1950-52.)

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- (3) Investments in the metal industry, ore mining and smelting.

327 This branch of industry was partly war-damaged, partly confiscated "German Property" by the occupying powers or dismantled as war industries. Thus a complete renovation was necessary in which not the least concern was the regard for supplying the required raw materials for the industries of finished and final products. Another aim was to defend these industries, which depend so much

upon the world market and upon reactions in periods of crisis, to keep iron mining within reasonable limits and to prevent social and economic dislocations.

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Planned investments have been carried out within the last few years in iron mining, smelting and in the metal industry. In the lead industry (Bleiberg Bergwerksunion) the extension of mining has been taken up again through mechanization of mining operations and the extended supply of electrical current; in smelting the utilization of various by-products (Raffinade) has been extended. As a first step in tin smelting, and to cover the urgent demands for sulphuric acid, the Bleiberg Bergwerksunion has started to build a smelter and in connection with it a plant for production of sulphuric acid. The plants will be ready for production early in 1951. Upon completion of the first stage of this project the plants will produce approximately 15,000 tons of sulphuric acid annually as compared with an annual total demand of 55,000 tons. To utilize the by-product zinc-ore the building of a zinc-smelting plant is projected (with an annual capacity of 10,000 tons of metal). There is a demand for about 12,000 tons of copper annually in Austria. Approximately 2,500 tons of this amount may be reclaimed annually from utilizing scrap metals. Copper mining is concentrated at Mitterberg, Kupferbergbau and at the Bergbau in Mühlbach, am Hochkönig; these works alone contain the potentialities of further production. It is intended to push the mines to a depth of 120 meters. Furthermore, the capacity of mining equipment shall be increased, including dressing machinery and other mining tools; thus the production of mining tools of all types will increase from 6,000 to between 11,000 and 12,000 tons a month, corresponding to an annual increase in the amount of copper to approximately 2,750 tons. To smelt the by-product ores of this mine and other minor mining sites the erection of an electric-reduction oven at the Montan Werke at Brixlegg (Tyrol) has been proposed, capable of producing up to 15,000 tons of concentrates, i.e., 4,000 tons of copper. Moreover, the erection of extensive electric installations and high-tension long lines as well as the erection of low-frequency smelting ovens will be undertaken. Also the capacity of electrolysis will be increased from 5,000 to 6,000 tons of cathode copper per year. In a similar way nickel-vitriol will be produced.

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It is thought that in the light-metals sector (production of aluminum) the bauxite mines at Unterlaussa (on the frontier between Styria and Lower Austria) will be extended to obtain at least the necessary raw materials for production. In accordance with the increase in the total European aluminum production required by the OEEC, Paris, Austria will endeavor to increase aluminum production in the smelting plants of the Vereinigte Aluminium Werke Ranshofen and in the plants at Lend of the Salzburger Aluminium Gesellschaft m.b.H. (up to 30 and 10,000 tons a year, respectively).

The production of non-finished metal products shall be extended by the completion of a light-metals plant of the Österreichische Metallwerke A.G., the construction of which is already far advanced and by the project of a heavy-metal plant of the same firm. These plants are designed to overcome the bottle-neck created by the loss of the plants for non-finished metal products (Krupp in Berndorf and the Enzesfelder Metallwerke). For the Metallwerke Plansee Gesellschaft m.b.H., Reutte (Tyrol), the erection of a plant for the production of molten molybdenum has been planned; in addition, the erection of heavy presses, granulating and sharpening machines for the production of heavy metals as well as of special electrolytical methods for the production of hard metal alloys (Diamantmetalllegierungen) is proposed.

[52]

In the scope of the investment program 1950-52 investments, 131.3 million schillings have been mobilized from counterpart funds for these industries. Of this amount approximately 40 million schillings (30.5 per cent) already has been allotted.

c) Investments in the electric industry.

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A large number of machinery units and steam-power plants were destroyed or lost by the war. The Austrian economy, therefore, could recover only very slowly in the years 1945, 1946 and 1947, particularly because the supply of energy was definitely insufficient in the months of water shortage. Since 1948, supported by the Marshall Plan, remarkable progress has been made in supplying energy within the economic planning for electricity. Austria tries to overcome the existing difficulties, which arise out of the rapidly changing demand for current on the part of industry, in two ways: (1) by the extension of storage facilities and of caloric

433 raw iron was increased to about 1.04 million tons (as
[327] compared to 883,000 tons in the preceding year) and
the raw steel production to about 1.03 million tons (as
compared to 943,350 tons in the preceding year). This
increase in production was possible through an increase
in mining output, which amounted to approximately 2.37
million tons in 1951, as compared to 1.86 million tons
[397] in 1950. In the car industry, emphasis lay on the pro-
duction of tractors, heavy trucks, busses and motor-
[392] cycles. Agricultural machinery production was 119 per
cent higher in 1950, lathes 110 per cent higher, ball-
bearings 327 per cent, nails and screws 56 per cent
more than in 1937. Although the electrical industry
[393] had suffered most seriously from war damages and dis-
mantling, and although various raw materials, mostly
of foreign origin (such as electric thin-gauge plate,
copper, lead and various special products), could be
obtained only with difficulty, the total production in
1950 was double that of 1937. This favorable development
has continued in 1951 despite the shortage in raw
[321] materials. The chemical industry reached a capacity far
higher than before the war in spite of extensive war
damages. The Linz Strohstoffwerke, for example, not
only cover the domestic demand for nitrogen but export
considerable quantities of nitrate of lime and phos-
phate. Production of the latter amounted to 525 tons
per month in 1938, during the first six months of 1951
it reached an average of 35,000 tons per month. The re-
sults in some finishing and consumer goods industries
lagged behind, but even so substantial increases could
be reached, especially in enterprises which are important
[289] for export (for example, the paper industry). By 1950
three per cent more paper was produced than in 1937.

● [316] A remarkable increase was made in domestic
[377] soft coal mining. The production of electric current
rose from 3,050 million kwh, 1946, to 4,911 million kwh,
1950, an increase of 61 per cent. This remarkable in-
crease of capacity in 1950 is almost exclusively due to
water power, the production of which increased to 690
million kwh. In extending and financing electric power
projects differentiation must be made between finishing
started projects (water-power plants, steam plants,
transmission lines and transformers), new construction,
international projects, export, and projects of local
importance (see Wirtschaftsberichte No. 12, October 1951:
"Oesterreichische Wasserkräfte als Beitrag zur Energie-
versorgung Westeuropas," by Erich Heller and Oscar Vas).



of peasant labour and civic industry, the wine carriers from Hungary and the lowlands bringing greetings from far-off lands. Occasionally great nobles who broke their journeys had brought the exciting atmosphere of the big world. Like shafts of lightning historical moments lit up this forest-hidden land when the Turks came to trouble even the lonely vicarage on the Pack, or later, when the French marched in via Eibiswald and Predling. After the modest deposits of iron ore had been exhausted, the valuable timber caught the eye of the ironmasters. The streams drove the wheels of the hammers in the scythe workshops. The manor house to which one of the largest, the Tunnerhammer, belonged, still stands today amidst the smoke and noise of the colliery. Ever since Archduke Johann drew up with his own hands the plans for the construction of the railway line from Graz to Köflach in the fifties of the last century, and had them put into effect despite obstinate opposition, West Styria has become more aware of the vigorous life of modern times.

EAST STYRIA. Four main roads give access from the chief town to the rich fruit-bearing country of East Styria. Around this territory winds the River Mur, sweeping southwards from the sharp angle it makes at Bruck, and then eastwards to leave Austria at Radkersburg, forming a living barrier along the boundaries of East Styria.

The white ribbon of the first road runs past Maria Trost, climbing the hill within view of the massive Schöckel, descending to Weiz where it forks, one branch leading to the northern hill country, while the main road runs dead north, right into the heart of Peter Rosegger's "Waldheimat" ("Wooded Homeland"). The second highway is that famous

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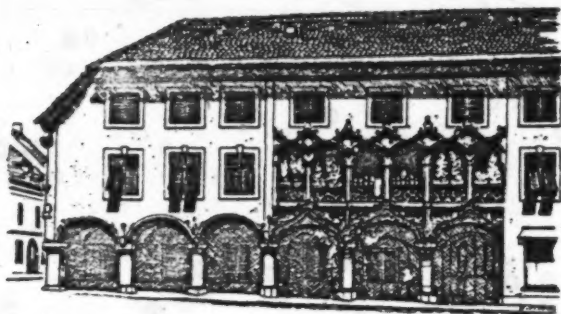
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their slaves, the Slavs, before them with their whips. After the year 800 A.D. 175 when Charlemagne had broken the tyranny of the Avars, there came monks from Salzburg to preach Christian doctrines and with them Bavarian peasants. But soon the Magyar invaders swept in to interrupt the peaceful work of these settlers among the natives. Only after the Battle of Lechfeld was it resumed. Then, with the vigour of the adolescent Western world as a spur, a civilisation based on the hard work of a simple peasantry grew throughout the centuries into that unobtrusive, modest culture which has survived all the hard tests of the past. In those early days the villages grew up on river banks and in sheltered corners between hills, overshadowed and protected by the castles of the ruling knights; the Riegersburg, which crowns the steep slopes of the Felsberg, is a fine example of the latter. Protection from the danger which always threatened from the East was afforded 369 by the frontier towns of Friedberg, Hartberg, Fürstenfeld and Radkersburg. The burghers who lived in them and in the market-towns, proud of their social position, yet in close contact with the country-folk, kept the latter in touch with the developments of the age and brought to them profitable trade.

The Raab, the chief river of East Styria, flows broad, sluggish and dark from the districts where the villages melt into fertile fields and the storks nest on rooftops and chimneys. As it hurries through Passail the river is still an immature mountain stream. From this remote and pleasant market-town Peter Engelbrecht once found his way to the Imperial Court in order to teach Latin grammar to Maximilian, later the first emperor of this name. Further on, below the old Stubenberg castle of Stubegg lies Arzberg, where, as the name suggests, lead ore (with a silver content) was mined. 133 [316] ●



Bruck an der Mur, Kornmesserhaus.

ON THE ERZBERG.

Styria is called "The Iron Province", and if one recalls the *Armoury in Graz*, that unique storehouse of the militant frontiersmen, one realises how applicable is this name which chroniclers and poets are so fond of giving to the Province. It applies firstly to the mountain which forms the heart and centre of the countryside, the Erzberg. Since the times of the Romans the work of the miners on its slopes has been developed from early primitive methods to those of modern technique; the tall mountains around, and the old houses below the castle of the *Oswaldkirche* maintain the warmth and romance of Styria amid more mundane surroundings. The buried treasures of the mountains were welded into useful implements by the mills in *Vorderberg* and the iron works in the forest-glades until, in the middle of the 19th century, the works were able to make use of the newly-discovered brown coal mines. On this combination were founded the great iron works of *Donausitz* and *Kapfenberg*, which have made the name of Styria known throughout the world.

The Erzberg alone is enough to make Styria a rich Province. According to the legend it was in bygone times a mountain just like any other. One day a woman was caught in the *Leopoldstauern*. In return for his freedom he offered mountain treasure as ransom—gold to last one year, silver for ten, or iron to last for ever. The natives chose the last named.

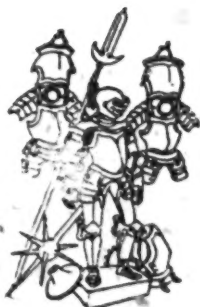
The rust-brown iron mountain rises to a height of 2,400 feet by a series of gigantic steps, at the foot of which lies the market-town of *Eisenerz*, crowned by the "Schichtsturm" and an old fortified church. Here beats the heart of the "Iron Marches" in its metallic depths. Thousands of miners can be seen on the iron-ore terraces, many of them working on the mountain as

12th century, it owes its present form and the insolent splendour of the interior mostly to the "Gallerin", born a Baroness von *Wechsler*, whose adventurous career is even today the source of many much appreciated stories.

The Raab, along the banks of whose quiet, swiftly-flowing waters stand the great mills of the district, passes on into Hungary. Its basin has been made prosperous by peasant industry and toil.

The Feistritz starts its romantic course through Styria on the western slopes of the *Wechsel*, born of springs which arise amidst the wild mountain scenery of the *Stuhleck* and the *Pretul Alps*. For a considerable distance it is confined in a narrow valley, past *Rettenegg* and *Ratten* where the mining of brown coal has brought strange people and customs to the old forest peasant village, and is followed by the road and railway which serve the farms scattered on the mountain slopes or congregated into villages.

Birkfeld, the old market-town of the Duchy lies well above the river. *Anger*, on the other hand, lies in the depths of the valley, surrounded by fruit trees, its dreams of the peaceful comfort of older times nowadays disturbed by the asbestos mills and the trucks from the soapstone quarries at *Rabenwald*. Through the cleft between *Rabenwald* and the *Kulm*, which affords a widespread view of the countryside, the Feistritz changes its direction to flow

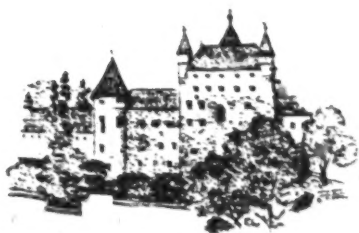


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Schwertberg.

there is still known as Mauthausen, and commands the waterway to Vienna and Hungary.

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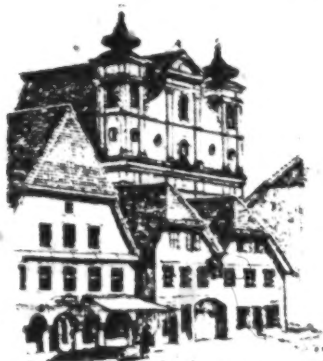
IN THE MÜHLVIERTEL. In the great quarries carved out of the steep Danube cliffs one glimpses the primitive Mühlviertel scenery, based literally on granite. How many blocks of it have been cut and shipped upstream and downstream from Mauthausen, and used to build railways, roads and bridges, making the name of this picturesque market-town known throughout Europe! On the same bank further downstream before the Danube enters the narrows of the Strudengau is a fertile stretch of land known as the Machland. The chief town is Perg, once famous for its sandstone quarries from which millstones were cut. Close by is Baumgartenberg, which rises abruptly with the massive tower of its

entrance gates and its high-roofed church out of the spreading orchards.

A secular building of equal interest is the massive Greinburg with its granite arcades built on a cliff jutting out towards the Danube, dominating the town of Grein, framed by the forests and reflected in the waters of the Danube. Ships navigating this part of the Danube have to be on the lookout for rapids and whirlpools. Warnings are exhibited on the banks near danger spots and where necessary, hoisted on flag poles. The tug toil upstream laboriously hauling heavily-laden barges past the picturesque riverside villages of Sarmingstein and St. Nikola.

Northwards from Perg and Mauthausen the Mühlviertel countryside broadens

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Steyr; the old Dominican Church.

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*Scharding-on-the-Lm.*

133 When this sleeping giant stirs—landslides of the underlying gravel beds, say the geologists—the giant Hausruck often shifts houses from their anchorage. Yet the people love him as a well-meaning giant, especially since he presented them with a treasure which adds to their prosperity. In the time of Emperor Joseph II, fields of brown coal were uncovered here. Since then a mining population has grown up. Wolfsegg, a market-town over which stern battles raged during the Peasant Wars, has given its name to the second greatest coal area in Austria. The fertile slopes of the Hausruck stretch out to the Danube Valley. At its lowest point lies Lambach, the old Benedictine settlement on the Traun. Its splendid baroque porch is worth attention. On leaving the neighbourhood of this monastery, one enters an area of almost irresistible beauty.

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133 THE SALZKAMMERGUT. It is impossible to paint in words a convincing picture of the glories of the Salzkammergut. One can mention its name, together with those of various favorite spots there, to stir up feeling or memories. There is that feeling of elation which is inseparable from this area; everyone is susceptible to it, whether he comes from Upper Austria, Salzburg or Styria. A sense of expectancy masters eye and mind. Impatiently one's gaze wanders from the lovely immediate surroundings to the exciting view ahead, both impossibly lovely. An involuntary cry, a sudden embrace, may afford vent to the emotions—the Austrian will suddenly cry out: "God must have made this world in seven holidays!"

AUSTRIA'S ECONOMIC DEVELOPMENT

311 ever, one of the most important natural resources of
137 Austria: her forests. In a Europe greatly deficient in
[313] timber this is a great asset, and wood has, in fact, been one
[439] of the main items on Austria's export list. With an
export of 1,236,000 cubic metres of sawn softwood—
more than half of the trees are spruce—Austria provided
5.3 per cent of world exports in 1935 and took the sixth
place among exporting countries.

135 What of Austria's resources in minerals and energy?
Here the picture does not differ greatly from that presented by other industrial countries, not counting the almost self-sufficient continents of the Soviet Union and the United States: considerable deposits of certain important materials are accompanied by a more or less complete absence of others.

135 Take the two basic materials of heavy industry: iron
• 316 ore and coal. Austria is a country with considerable resources of iron ore, 90 per cent of which comes from the famous Erzberg in Styria, where the ore has an iron content of 40 per cent. Production in 1937 was 1,885,000 tons* which—in metal content—represented 0.7 per cent of the world output; about one-sixth of this was exported. Coal, on the other hand, is only to be found in quite insufficient quantities. In 1937, production amounted to only 230,000 tons while 2,657,000 tons had to be imported. On the other hand, lignite is plentiful: an output of 3,244,000 tons required to be supplemented by only 185,000 tons of imports. Some of the lignite deposits are in close proximity to the iron ore deposits in Styria which has greatly contributed to the growth of the iron and steel industries in that district.

There are also considerable deposits of magnesite, lead, copper, graphite, and salt. In 1935, Austria produced 24

* Unless otherwise stated, "tons" always mean metric tons.

INTRODUCTION

per cent of the world's output of magnesite and thus took¹³⁵ second place after the Soviet Union. In producing 9 per³¹⁶ cent of the world's graphite output, Austria followed close on the Soviet Union, Korea, and Germany.⁴² The output of other minerals was less impressive and there were no great export surpluses.

About fifteen years ago, oil was discovered near the³¹⁵ little village of Zistersdorf, near Vienna. Production was started in 1932 at the very low level of 100 tons, but it¹³⁵ increased quickly until it reached 33,000 tons in 1937, the last year of Austria's independence. Since then the Germans, in their urgent need for oil, greatly increased the output in this district and annual production reached a level of one to two million tons. This quantity greatly exceeds Austria's peace-time requirements of oil.

As against her lack of coal, Austria is in the fortunate³⁷⁷ position of having a practically unlimited supply of water power. Although this had by no means been fully harnessed, the 1936 production of 2,680 million kW.h.⁵ of electricity sufficed to cover more than half the country's energy requirements. A small proportion of this electricity (340 million kW.h.) was exported.

Stretching the meaning of "natural resources" somewhat beyond its usual limits, two further assets, of great⁴⁸⁷ importance to Austria's economy, may be mentioned at this juncture. These are the geographic position of Austria in the heart of Europe, and the beauty of the Austrian towns and countryside. With regard to the first, Austria and particularly Vienna have, ever since the days of the Roman traders, been important junctions of the main European traffic routes. The Danube Valley, opening a gap between the Alps and the Carpathians, provide an east-west route, linking the Balkans with central and western Europe. At the same time the Brenner